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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

PBF0014 – INTRODUCTION TO PERSONAL FINANCE

(All sections/Groups)

9 AUGUST 2022
9.00 a.m. -11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with **FOUR** questions only.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

Structured Questions (100 Marks)**QUESTION 1**

- a) Mr. John plans to buy new furniture for his new house. He approaches a finance company that can give instalment loan for his purchase. He agrees with an instalment plan of a 12-month, 15% instalment loan for \$10,000 using simple interest method.

Table 1: Monthly Installment Loan Tables (\$1,000 loan with interest payments compounded monthly)

Interest	Loan Maturity (in months)				
	6	12	18	24	30
13.00%	173.04	89.32	61.45	47.54	39.22
13.25%	173.17	89.43	61.56	47.66	39.34
13.50%	173.29	89.55	61.68	47.78	39.46
13.75%	173.41	89.67	61.80	47.89	39.58
14.00%	173.54	89.79	61.92	48.01	39.70
14.25%	173.66	89.80	62.03	48.13	39.82
14.50%	173.79	90.02	62.15	48.25	39.94
14.75%	173.91	90.14	62.27	48.37	40.06
15.00%	174.03	90.26	62.38	48.49	40.18

REQUIRED:

Based on **Table 1**, prepare a repayment loan schedule for the first 3 months for Mr. John. Use the following template. (Copy and write the table in the answer booklet). Show all calculations.

Repayment loan schedule

Month	Starting Balance	Total monthly payment	Interest monthly payment	Principle monthly payment	Ending Balance
1					
2					
3					

(15 marks)

- b) Briefly explain the following terms. (Write your answers in full sentences)
- revolving credit (4 marks)
 - grace period of credit card (3 marks)
 - credit score (3 marks)

(Total: 25 marks)

Continued...

QUESTION 2**Part A**

- a) List **THREE (3)** keys to obtain a 'good' lease on a vehicle. (3 marks)
- b) Amy is considering buying a car that cost her RM100,000. After making a 10% down payment, she chooses to loan the balance from a bank with a hire purchase rate of 5% per annum. She decided to make an instalment loan for 60 months. Based on the scenario, answer the following:
- i. Calculate the total interest charged for the loan amount. (3.5 marks)
 - ii. What is the sum of the total loan and interest? (2 marks)
 - iii. How much does Amy need to pay for monthly instalment? (2 marks)
 - iv. How much will be owed on the car after 3 years? (2.5 marks)

Part B

Summarise the **FOUR**-step processes for smart buying on housing. (12 marks)
(Write your answers in full sentences)

(Total: 25 marks)

Continued...

QUESTION 3

Part A

a) Maria and Fatima works in a private company, JQ Sdn Bhd. Maria is 35 years old and earns RM3,450 while Fatima is 52 years old and earns RM6,500 monthly. They contributed to Employment Insurance System (EIS).

REQUIRED:

- i. Calculate the monthly EIS total contribution for Maria. (3 marks)
 - ii. Calculate the monthly EIS total contribution for Fatima. (4 marks)
- (Show all calculations)

b) The table below details specific thing that happened to Amran during the year.

	What happened?	Which insurance would cover this: Give one.
1	Amran got sick and visited the doctor. Without insurance, the appointment cost RM50, and the antibiotics cost RM80.	
2	Amran fell down while hiking and had to get stitches in the emergency room. Without insurance, the procedure cost RM300.	
3	Amran hit a cow when driving home from work. He was not hurt, but the damage to his car was RM5,000.	
4	Amran met with an accident when driving to office. He was badly injured and permanently disabled.	
5	Amran got dirt in his eye while picking fruit at a local farm. He went to the eye doctor when his eyes became red and swollen. The doctor prescribed eye ointment. Without insurance the total cost RM200.	

REQUIRED:

For each of the incident above, identify which insurance should be covered. Suggest **ONE** type of insurance only for each incident. (5 marks)

Part B

- a) What is diversification? (2 marks)
 - b) Explain the **FIVE (5)** tips when using digital investment platform. (5 marks)
 - c) Briefly explain **THREE (3)** factors that should be considered when making asset allocation decisions. (6 marks)
- (Write your answers in full sentences)

(Total: 25 marks)

Continued...

QUESTION 4**Part A**

- a) Briefly explain **TWO (2)** types of fundamental retirement plan for the Malaysian workforce. (4 marks)
- b) List down **FOUR (4)** types of partial withdrawal under Earning Provident Fund (EPF) account. (4 marks)
- c) Retirement plan is one of the long-term financial goal. List **SEVEN (7)** steps of the retirement planning process. (7 marks)

Part B

- a) Ashley has recently lost her job due to company restructuring. Her total debt is amounting to RM120,000. She is unable to pay her debt for more than 1 year.
 - i. What is the financial consequences that Ashley is facing if she does not take immediate actions to overcome her financial problems? (1 mark)
 - ii. What are the **FOUR (4)** things that a person is legally barred from doing if he/she made a bankrupt? (4 marks)
- b) List **FIVE (5)** tips on how to avoid financial trouble. (5 marks)

(Total: 25 marks)

End of Paper